

**CITY OF WATERTOWN, NEW YORK**  
**WORK SESSION AGENDA**  
**Monday, May 13, 2024**  
**7:00 p.m.**

This shall serve as notice that a work session of the City Council will be held on **Monday, May 13, 2024 at 7:00 p.m.** in the City Council Chambers, 245 Washington Street, Watertown, New York.

**DISCUSSION ITEMS**

1. Real Property Exemption 485-a (mixed-use buildings)

Presenter:

- Brian Phelps, City Assessor

2. Low Income Senior Tax Exemption

Presenter:

- Brian Phelps, City Assessor

3. Discussion of Endorsing PILOT for Rehab of 302 Court St (former Globe Mall)

Presenter:

- Brian Phelps, City Assessor

4. Western Outfall Trunk Sewer (WOTS) Fee Schedule

Presenters:

- Thomas Compo, City Engineer
- Patrick Keenan, Engineering Department

May 13, 2024

To: The Honorable Mayor and City Council  
From: Brian Phelps, City Assessor  
Subject: Real Property Tax Exemption 485-a (Mixed-Use)

We have been asked by a downtown developer to consider offering the RPTL 485-a (Mixed Use) tax exemption. This local option exemption would exempt from taxation the value of improvements made as part of a conversion of commercial property to a mixed-use (commercial & residential) property.

This exemption does not require ownership by a tax exempt or specially created organization (Industrial Development Agency, private housing fund company etc.) and would be available to private individuals as well as corporations, partnerships and not for profits.

The above-mentioned conversions are not currently covered by either the 485-b or 421-f exemptions that are currently available for commercial construction and residential improvements respectively. The following table shows the respective exempt amounts and durations.

485-a (Mixed Use)	421-f (Residential)	485-b (Commercial)
100% exempt for 8 years then phased out over 4 years	100% exempt with phase out over 8 years	50% exempt with phase out over 10 years

The exemption requires that the cost of the conversion be greater than \$10,000 or a higher amount set by City Council. Mixed-use is defined as at least 40% of building sq footage being residential and at least 15% for commercial use.

In addition to the explicitly allowed exemption for the conversion of a commercial structure to a mixed-use structure the exemption would also apply to:

- 1) Expansion, modernization and/or rehabilitation of either the commercial or residential portion of a currently mixed-use building.
- 2) Expansion, modernization and/or rehabilitation of a vacant building if the vacant building was last used as a commercial or mixed-use building.
- 3) Construction of a new mixed-use building that is built pursuant to the demolition of a previously commercial or mixed-use structure.

The exemption would NOT be applicable to:

- 1) Construction on a vacant lot that was vacant prior to enactment of this exemption.
- 2) Construction of either a solely residential or commercial building even in the event that such building is part of a larger project.
- 3) Any project started prior to the enactment of this exemption.

In order to enact the 485-a exemption a local law would have to be adopted and would apply to renovations commenced after the effective date of the local law. Enactment would need to be prior to the City's taxable status date of December 1<sup>st</sup> to apply for the following year's assessment rolls.

Any exemption enacted would apply only to the City of Watertown taxes and would apply to all areas of the City. Property owners would need to file an attestation each year demonstrating continued eligibility.

Jefferson County and the Watertown School District can consider enacting the exemption only if and when a municipality within its boundaries has done so. If the County and/or School District were to enact the exemption it would only be available to properties within a municipality that has also enacted the exemption.

Adoption requires a local law with the prerequisite public hearing and would need to be in effect prior to December 1<sup>st</sup> to apply to subsequent assessment rolls. Approval from County and/or School would also need to be in place prior to December 1<sup>st</sup> to apply.

May 13, 2024

To: The Honorable Mayor and City Council  
From: Brian Phelps, City Assessor  
Subject: Real Property Tax Exemption 467 (Low Income Senior)

The City of Watertown currently offers the RPTL 467 Low Income Senior exemption. The exemption applies to residential homeowners over the age of 65 that meet income guidelines.

The law allows local taxing entities to adopt a range of income guidelines. The currently adopted guidelines were adopted in 2005 with a 7-step sliding scale offering an exemption of 50% exemption if income is less than \$12,800 (the base amount) and a 20% exemption if the household income is less than \$18,500. The law allows for an additional 2 or 3 steps.

The law allows taxing entities to adopt any “base amount” between \$3,000 and \$50,000. Jefferson County currently has a \$17,400 base amount, the City School District shares our \$12,800 base amount.

Eligibility for this exemption also triggers favorable water/sewer rates by eliminating the minimum charge and charging only for the water used. A change to income guidelines will result in a change to the number of properties that will enjoy this benefit.

If the City Council wishes to make a change to this exemption my office will prepare a local law to effectuate said changes. The local law would need to take effect prior to December 1<sup>st</sup> so that the new exemption would take effect on next year’s assessment rolls. The local law should also make changes to the existing City Code section by removing outdated references to eligibility and replacing them with references to the State Law.